

## Georgia

**The Development Challenge:** A flawed parliamentary election resulted in mass demonstrations and the resignation of President Shevardnadze in November 2003 - without bloodshed, and installation of an interim government. A new presidential election was held on January 4, 2004. Parliamentary elections will be held on March 28, 2004. USAID's strategy (FY 2004-2008) has focused on working more at local government and community levels, but USAID hopes to engage increasingly with the new Government of Georgia (GOG). The new leadership may create a favorable environment to resurrect reform proposals and USAID programs will support reform efforts of the new government. A major challenge will be ensuring political stability, economic growth and security. There will likely be a thorough reassessment of U.S. bilateral assistance. The government has formulated its immediate priorities and goals and is seeking donor support. As these goals are consistent with U.S. foreign policy interests, USAID will respond positively in areas where assistance will generate maximum impact. This approach will support Georgia's development as a stable, democratic country, increasingly integrated into the global economy, and a key U.S. national interest at this crossroads linking Russia, Iran, and Turkey.

The peaceful transition of power was a very positive development. However, much work lies ahead. Georgia's business and political environment continues to be challenging. Corruption is rife, legislation is poorly enforced, and the industrial sector is beset by frequent power outages. In addition, special interests exert a marked influence over the government, and powerful vested interests continue to block reform efforts. Furthermore, Georgia's territorial fragmentation deters foreign investment. Political stability has been negatively affected by the unresolved territorial conflicts with Abkhazia and South Ossetia that displaced 250,000 persons. Relations with Russia have been strained. These factors have adversely affected the living conditions of the population. Today, 61% of Georgians live below the poverty line. The quality of basic social services such as health and education continues to decline. The energy sector is paralyzed by embezzlement, technical inefficiency, a low rate of collection, payment arrears, and heavy dependence on external sources of energy.

Strong economic growth of 8.6% in the first half of 2003 reflects construction work being carried out on the Baku-Tbilisi-Ceyhan oil pipeline. Growth is expected to remain at 8% in 2003, and rise to 10% in 2004. Despite the temporary boost to the economy from pipeline construction activity, the prospects for sustained, broad-based growth remain poor as investment is deterred by predatory tax enforcement, lack of adequate legal protection, pervasive corruption, arbitrary application of regulations, and unreliable energy management. The country's foreign debt has stayed roughly constant, at just under 55% of GDP, owing to the weakness of fiscal performance and to high trade and current account deficits. Fiscal performance still remains one of Georgia's most intractable problems, with tax revenues remaining among the lowest in the region.

**The USAID Program:** The Program covers six strategic objectives for which USAID is requesting FY 2004 and FY 2005 funds. These six objectives concentrate on: economic growth (agriculture, banking and financial sector reforms, and private sector development); energy sector reform; democracy and governance (promoting electoral reform, efficient and responsive local governance, civil society, and independent media); social development and health; human resources development; and special initiatives; e.g., anti-corruption and anti-trafficking. FY 2004 funds will be used to implement the current programs in agriculture, micro-finance, banking sector reforms, energy sector reforms, strengthening electoral processes, improving local government management, rule of law, community development, health and human resources development. Most of these programs have cross-sectoral implications. USAID also will use FY 2004 funds to start new activities in energy security, local government management, agricultural business development, and micro-finance. Increased programmatic emphasis will be put on anti-corruption activities, support for the 2004 parliamentary and presidential elections, anti-trafficking, and community development in potential conflict areas. Specific activities to be funded by FY 2004 and FY 2005 appropriations are described in more detail in the following Program Data Sheets.

**Other Program Elements:** Other programs funded by the Department of State and via FSA transfers to other USG agencies complement USAID's Georgia strategy. These programs include activities in public diplomacy, border security, rule of law, banking sector reforms, as well as tax and fiscal reforms.

**Other Donors:** Other donors in Georgia are the World Bank, the International Monetary Fund, the Government of Germany, the United Nations Development Programme, the European Bank for Reconstruction and Development (EBRD), and the European Union (EU). While donor coordination remains uneven, it has been satisfactory in the following general areas: poverty reduction/economic growth initiative, free and fair elections, banking sector reform, energy security, and health care reform. The World Bank supports projects in energy (including electricity and oil transportation), municipal infrastructure, and institution building. These programs complement several elements of USAID's programs. Similarly, EBRD programs in banking, small- and medium-sized enterprises, micro-finance, and the energy sector complement USAID activities in these areas. EU activities support institutional, legal, and administrative reform, food security, health care, border guards, and transport infrastructure. UNDP programs complement USAID activities supporting poverty reduction, democracy, and capacity-building of government institutions.

## Data Sheet

<b>USAID Mission:</b>	Georgia
<b>Program Title:</b>	Increased Economic Growth
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	114-0131
<b>Proposed FY 2004 Obligation:</b>	\$9,233,000 FSA
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2005 Obligation:</b>	\$14,000,000 FSA
<b>Year of Initial Obligation:</b>	FY 2004
<b>Year of Final Obligation:</b>	FY 2008

**Summary:** USAID's broad, multi-year economic growth program includes the following: demand-driven policy reform, comprehensive banking sector reform, credit for small and medium enterprises, land reform, agricultural reform, and assistance to agribusiness. While direct beneficiaries are private enterprises, all Georgians stand to gain from a growing and commercially-sustainable private sector. USAID-funded activities focus on three areas: an improved policy and operating environment; increased access to financial services; and increased market-driven production and sales of agricultural products.

### Inputs, Outputs, Activities:

#### FY 2004 Program:

Demand-driven policy reform, increased access to finance through institutional strengthening and competitiveness (\$3,000,000 FSA). This new five-year, \$23.0 million activity began in late FY 2003. Support to the demand side of policy reform will be accomplished by working with business associations to develop a national business agenda, which will be implemented through public/private partnerships. The private sector's access to credit will be strengthened through development of a wholesale lending facility, better understanding of financial sector constraints through analytical studies, and establishment of a collateral registry and credit information bureau. A competitiveness component will identify key industrial clusters, and support efforts to remove constraints to their development. Training will be provided for enterprises to improve competitiveness. Principal contractor: BearingPoint, USA.

Restructuring and policy assistance for the Ministry of Agriculture and Food (MAF) (\$233,000 FSA). This project has been extended through the third quarter of FY 2005. The restructuring support includes: reorganization of the Ministry's operating units; strengthening MAF's audit capacity; adopting international standards for exports of agricultural products; and training national-level Ministry staff in policy analysis and risk assessments. The downsizing and reorganization of the ministry along with a plan to provide a living wage for the remaining employees serve as the basis for future activities. A self-sustaining agricultural policy analysis unit established with USAID support will be transferred to the MAF in FY 2005. Principal contractor: Development Alternatives, Inc. USA .

Land reform (\$500,000 FSA). Since 1997, 2.4 million parcels of land, largely small-scale family owned parcels, were registered and titled. Further work in this area will include supporting privatization of large tracts of state-owned agricultural land through advocacy and assistance in drafting appropriate legislation, assisting in the implementation of enacted legislation, and advising on other land-related legal issues. The Association for the Protection of Landowner Rights and other local groups will be strengthened to conduct advocacy for legislative actions. Principal grantee: Terra Institute, USA.

Microfinance and rural credit (\$2,000,000 FSA). A new five-year, \$10 million activity began operations in late FY 2003 to improve the legal/policy environment for microfinance and to provide technical assistance and grant funding in support of micro and small enterprise finance in both urban and rural markets. The new activity will facilitate establishment of sustainable microfinance training institutions, promote partnerships between microfinance institutions (MFIs) and banks, develop financial/market microfinance

information, and develop a public information program to promote the values and practice of sustainable microfinance. Principal contractor: Chemonics International, USA.

Agribusiness development (\$3,000,000 FSA). Agribusiness development is being addressed through a multi-phased activity, Support Added Value Enterprises in Agriculture-Phase II (SAVE-II). Phase-1 (FY2001-FY2002) of this project identified agribusiness constraints and potential markets for several products in European Union countries and Russia. During FY 2004, SAVE-II efforts will increase the capacity of agribusinesses to develop processing and marketing plans, enter into sales contracts, and deliver quality products. Prime contractor: Agricultural Cooperative Development Institute/Volunteers in Overseas Cooperative Assistance, USA.

Program Development and Support (\$500,000 FSA). USAID will use these funds to support program-funded management staff and to cover other costs related to program development and evaluation.

**FY 2005 Program:**

Demand-driven policy reform, increased access to finance through institutional strengthening and competitiveness (\$4,500,000 FSA). Implementing priority elements of the national business agenda identified by the private sector in FY 2004 will be the major program focus in FY 2005. Technical assistance will be ramped up to address needs related to policy, financial infrastructure, and competitiveness. Principal contractor: same as above.

Land Reform (\$500,000 FSA). With the passage of a new law on privatization of agricultural land anticipated during FY04 or early FY05, a follow-up activity will assist in implementing land privatization across an estimated area of 360,000 hectares. This support will include assisting the local privatization commissions in collecting and organizing information on the land to be privatized, conducting auctions as authorized by law, and assisting new owners in registration of land and obtaining legal title. This activity would also work on improving and refining the legal and regulatory environment for land/real property ownership and management, including common properties, as well as improvement of the property registration system.

Microfinance and rural credit (\$2,700,000 FSA). Policy changes facilitated by this activity will create a stable foundation and operating environment for MFIs and rural lending institutions. Credit innovation grants to MFIs will be awarded on a competitive basis. Formal linkages will be developed between MFIs and commercial banks. Principal contractor: same as above.

Agribusiness development (\$5,000,000 FSA). SAVE-II will continue to support the following activities: improving product quality, building processing capacity, developing distribution channels, pursuing potential markets for selected products and organizing exports. Principal contractor: same as above.

Banking Supervision (\$500,000 FSA). USAID will support the following: implementation of a "Prompt Corrective Action" program at the National Bank of Georgia (targeted inspections, remedial agreements, temporary administrators, merger/acquisitions, etc.) for problem banks with specific problem issues; assist in performing Stress Tests for all large and/or problem banks; assist in the intervention and/or liquidation of any problem banks; facilitate development of improved cost accounting in the banking sector; support development of inspection procedures to implement anti-money laundering legislation, and build training capacity within the National Bank of Georgia.

Program Development and Support (\$800,000 FSA). USAID will use these funds to support program-funded management staff and to cover other costs related to assessment, new program design, and evaluation. Principal contractor: same as above.

**Performance and Results:** In FY 2003 USAID's efforts in promoting economic growth achieved results in three main areas: 1) Improved policy and operating environment: Georgia's private sector and Government joined forces to identify and quantify revenue losses due to petroleum product smuggling and corruption. Agricultural policy advice resulted in the elimination of value-added taxes on agricultural inputs, thereby increasing agricultural competitiveness. Also, the Georgia Enterprise Growth Initiative

was launched to support demand-driven policy reform; 2) Increased access to financial services: Banking supervision at the National Bank of Georgia was strengthened; (3) Increased market-oriented production and sales in agriculture: A strategy was developed to enhance agricultural marketing, promote agricultural equipment leasing, and support processors, packers, and growers to increase competitiveness.

Programs funded under this objective anticipate a 60% increase in enterprises registered and an 80% increase in jobs created during the strategy period (FY 2004-FY 2008).

## Data Sheet

<b>USAID Mission:</b>	Georgia
<b>Program Title:</b>	Energy and Environment
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	114-0151
<b>Proposed FY 2004 Obligation:</b>	\$8,000,000 FSA
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2005 Obligation:</b>	\$8,000,000 FSA
<b>Year of Initial Obligation:</b>	FY 2004
<b>Year of Final Obligation:</b>	FY 2008

**Summary:** This program further strengthens and develops the private-sector-led energy production, supply and distribution systems, while supporting the Government of Georgia (GOG) in the development and implementation of market-friendly energy sector policies and regulatory framework. USAID's emphasis is three-fold: a) improved financial and commercial performance of energy sector entities; b) development of a more diversified, renewable, and cost effective energy supply; and c) improved energy sector efficiency in economic terms, with subsequent increases in capital and operating resources. The current state of Georgia's energy sector infrastructure borders on catastrophic failure. Internally-generated revenues and private investment need to increase before real improvements in customer service are possible. Beneficiaries are the approximately 1.3 million residential household and commercial consumers of electricity, and potentially an equal number of natural gas customers.

### Inputs, Outputs, Activities:

#### FY 2004 Program:

Energy restructuring and privatization (\$4,500,000 FSA). Several energy activities from the last strategy will be continued into this new SO. Two years ago the GOG prepared a national energy strategy designed to improve the supply and distribution of energy resources throughout Georgia. Key elements of this strategy include improving the financial state of the sector, ensuring energy independence, assistance to socially vulnerable groups, increasing energy efficiency, and modernizing and rehabilitating the electric power sector. To assist the GOG in implementing this strategy, USAID funded the Georgia Energy Sector Initiative (GESI) in FY 2003. This initiative provides technical assistance to improve the performance of Georgia's energy sector, leading to increased energy security and independence.

The level of funding for this activity is linked to the GOG meeting specific bench marks. Most of the benchmarks are keyed to critical aspects of the national energy strategy. Emphasis is placed on the implementation of policies related to: sector debt management; improved collections from electricity market customers; rationalizing state budget management related to electricity bill payment by the public sector entities; honoring payments for energy supplied by external sources; and planning for the utilization of national energy resources. Principal contractor: PA Consulting, USA.

Energy and Environmental policy, legislation and regulation (\$1,000,000 FSA). Personnel of the State Agency for the Regulation of Oil and Gas Regulation will receive training in the following areas: contract preparation and legal responsibilities; site-safety issues; and monitoring of environmental compliance related to exploration, development, and transportation of oil and gas resources. The Ministry of Fuel and Energy and the Georgian National Energy Regulatory Commission will also receive training. The training program will increase Georgia's capacity to effectively protect the environment and natural resources while developing indigenous sources of energy. Principal contractor: to be determined.

Public Awareness and Community Outreach (\$2,000,000 FSA). In order to increase public and stakeholders' involvement and awareness of critical issues in the sector, including commercialization of the United Distribution Company, and to combat corruption in the energy sector, USAID will fund a public awareness and outreach program. Supply cut-offs due to payment arrears by some distribution branches

and shortfalls in production due to degradation of hydropower stations have generated, rather unfairly, an anti-reform and even anti-American sentiment in some regions. Through this public awareness and outreach program, USAID plans to improve public attitudes, which is critical to the accomplishment of expected results under this SO. Principal contractor/grantee: to be determined.

Program development and support (\$500,000 FSA). USAID will use these funds to support program-funded management staff and to cover other costs related to program design and development.

**FY 2005 Program:**

Energy security, restructuring and privatization (\$2,000,000 FSA). Incremental funding to support the program initiated in FY 2003. Principal contractor: same as above.

Energy and Environmental policy, legislation and regulation (\$3,600,000 FSA). Incremental funding to support the program initiated in FY 2004. Principal contractor: same as above.

Public Awareness and Community Outreach (\$2,000,000 FSA). Incremental funding to support the program initiated in FY 2004. Principal contractor: same as above.

Program development and support (\$400,000 FSA). USAID will utilize these funds to support program-funded management staff and other costs related to program design and development. Principal contractor: same as above.

**Performance and Results:** FY 2003 performance of this SO did not meet expectations. Throughout FY 2003, the energy sector in Georgia continued to be plagued by extremely low revenue collection and poor cash-flow management. Efforts to address the poor financial discipline were focused on start-up of GESI, inclusion of the management of the United Distribution Company, and the close cooperation with the two management contracts for the wholesale electricity market and the transmission and dispatch organizations. There were no efforts to privatize energy sector assets during FY 2003. Until increased collection of revenues from customers is demonstrated, there will be little private sector interest to purchase the assets.

Throughout FY 2003, the donor community, led by USAID, has worked with the GOG to formulate an action plan to focus attention on key steps in the reform process. The action plan was successful in getting the large industrial customers of the power system to pay for 100% of their consumption in cash. Many of the industrial consumers are state-owned enterprises. Furthermore, the action plan has mobilized the GOG, with the support and assistance of the German government, to initiate a sector-debt restructuring agency. This plan will address the persistent problems arising from the trading and manipulation of legacy debt that destroys the cash flow and liquidity of the sector entities.

USAID, under the guidance of the State Department and the U.S.Embassy, terminated one of GESI's larger components-the rehabilitation of hydroelectric facilities. This action is a result of poor performance by the GOG to implement reforms in the energy sector, and its general failure to meet revenue collection requirements of the State budget. Although there is a critical shortage of power supplied to the distribution system, it was deemed imprudent to supply non-paying customers. GESI will focus more on improving revenue collections in targeted regions of Georgia.

## Data Sheet

<b>USAID Mission:</b>	Georgia
<b>Program Title:</b>	Good Local Governance
<b>Pillar:</b>	Democracy, Conflict and Humanitarian Assistance
<b>Strategic Objective:</b>	114-0231
<b>Proposed FY 2004 Obligation:</b>	\$7,510,000 FSA
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2005 Obligation:</b>	\$10,000,000 FSA
<b>Year of Initial Obligation:</b>	FY 2004
<b>Year of Final Obligation:</b>	FY 2008

**Summary:** Activities under this objective emphasize local decision-making in the regions outside Tbilisi to respond to citizens' needs and priorities for services. Activities fall into four areas: 1) more efficient and responsive local governance; 2) citizen participation; 3) independent media development; and 4) rule of law and anti-corruption.

### Inputs, Outputs, Activities:

#### FY 2004 Program:

Citizens Engaged in Local Decision-Making (CELD) (\$2,000,000 FSA). CELD will focus on local governments themselves, through outreach to constituents, service delivery through a small grants program, and training to improve municipal budgeting skills that maximize the impact of limited resources available to local governments. The program will focus on building an informed citizenry that will be able to hold government officials accountable for providing needed community services. Technical assistance will be provided for training local government officials and community leaders in local resources mobilization, and preparing and managing budgets and service delivery. Principal contractor: to be determined.

Citizen Participation and Media Development (\$2,300,000 FSA). This program will help leading Georgian NGOs establish a firm constituency base, achieve financial sustainability, develop more effective lobbying techniques to advocate for citizen interests, and actively address legal issues affecting the NGO Sector. The program will also encourage students to participate as members of their neighborhood through volunteer actions, community service, and joint initiatives with area schools. This program will expand to 40 schools this year through school-to-school mentoring. A "Media Innovations" program improves journalistic skills, fosters management skills that will help media outlets emerge as profit-making businesses, and strengthens the legal and regulatory framework to safeguard free speech and ensure access to public information. Principal grantees: Save the Children (prime), International Research and Exchanges Board (prime), International Foundation for Election Systems (sub).

Rule of Law and Anti-Corruption (\$2,600,000 FSA). USAID will support implementation of the Administrative Code and its Freedom of Information (FOI) clause to assist in controlling administrative agency abuses and limiting opportunities for corruption. USAID will work to control corruption at the local government level by linking its efforts with other democracy and governance programs. The program will work to increase citizen awareness and involvement in public hearings, and support an independent judiciary and greater professionalism among judges and lawyers. Principal grantees: Institutional Reform and the Informal Sector Center at the University of Maryland, and the American Bar Association's Central European and Eurasian Law Initiative.

Parliamentary Strengthening (\$900,000 FSA prior year recoveries).

Program Development and Support (\$610,000 FSA). USAID will utilize these funds to support program-funded staff and to cover other costs related to program design and development.



**FY 2005 Program:**

Parliamentary Strengthening (\$1,200,000 FSA, \$900,000 FSA prior-year recoveries). USAID will provide technical assistance to improve the operations of parliament and its members, including capacity building. Principal contractor: to be determined.

Youth in Politics and Media Innovation (\$1,600,000 FSA). Incremental funding to increase the role of youth in political development of Georgia and to enhance the professionalism and financial independence of the media. Principle contractor: to be determined.

Citizens Engaged in Local Decision-Making (\$2,500,000 FSA). Incremental funding to implement the second year of this program. Principal contractor: to be determined.

Youth Development Program and Citizen Participation and Media (\$1,550,000 FSA). Two new activities will be launched. Principal contractor: to be determined.

Rule of Law and Anticorruption (\$2,500,000 FSA). A new program will be launched to provide assistance to the judiciary, to improve civil society's anti-corruption efforts and to strengthen laws and institutions that promote good governance. Principal contractor: to be determined.

Program Development and Support (\$650,000 FSA). USAID will utilize these funds to support program-funded staff and to cover costs related to program design and development. Principal contractor: to be determined.

**Performance and Results:** After two years, the Local Government Reform Initiative-funded activities have demonstrated significant achievements in the five pilot cities. In these cities, water supply, trash collection and other services are now provided on a regular, sustainable basis. Parks have been renovated; street flooding has been successfully eliminated; and citizens have repaired their own buildings.

More than 26 NGOs have formed a Legislative Monitoring Group (LMG) that works to improve the legal framework and tracks and defeats legislative initiatives designed to adversely affect Georgian NGOs. The LMG has helped quash draft laws that would have taxed donor grants and NGO income, levied customs duties on imported humanitarian goods, held NGOs responsible for statements made by members not authorized to speak on their behalf, and complicated their registration and reporting requirements.

The piloted local media ratings system, financed primarily by Georgian media sources, will expand to the national level and is predicted to increase advertising revenue from \$3 million annually to almost \$20 million by FY 2008. Such a growth in advertising revenues should enable the broadcast media to become financially independent. Media Innovations helped establish the Georgian National Association of Broadcasters that unites 44 television, radio, and cable outlets; it also supports the Free Press print media association.

After four years, Georgia's Rule of Law program is beginning to make an impact. More than two-thirds of Georgian judges received training on the Administrative Code and its Freedom of Information (FOI) provision. Information obtained in FOI suits has been used to pressure local governments to amend budget expenditures and conduct budget operations in a transparent manner.

Other successful rule of law efforts included an international, award-winning series of public service announcements titled "Know Your Rights," the closing of military pretrial detention centers that were in violation of international standards, the administration of Georgia's first bar exam, the creation of a corps of judges devoted to improving judicial integrity, the establishment of a hotline for the public to report suspected judicial abuses and corruption, the formation of a coalition of NGOs to work on anti-corruption issues, and a coalition to work on women's rights issues. USAID supported its Georgian partners in efforts to stop a bill that would have drastically impinged on freedom of the press.

## Data Sheet

<b>USAID Mission:</b>	Georgia
<b>Program Title:</b>	Reduced Human Suffering
<b>Pillar:</b>	Democracy, Conflict and Humanitarian Assistance
<b>Strategic Objective:</b>	114-0340
<b>Proposed FY 2004 Obligation:</b>	\$10,507,000 FSA
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2005 Obligation:</b>	\$16,500,000 FSA
<b>Year of Initial Obligation:</b>	FY 2004
<b>Year of Final Obligation:</b>	FY 2008

**Summary:** The key elements of this strategic objective (SO) intend to improve social and health services in targeted communities and include the following activities: community mobilization; small-scale public works and job creation; conflict management; emergency relief and disaster response; partnerships between Georgian and U.S. health care institutions; primary health care; infectious disease control programs (TB, Sexually-Transmitted Infections (STI)/HIV, immunization); women's health care; and strengthened health management information systems.

### Inputs, Outputs, Activities:

#### FY 2004 Program:

Community mobilization (\$4,500,000 FSA). USAID will support community mobilization activities aimed at increasing community involvement in decision-making. Increased emphasis will be placed on activities that impact the community's social and economic well-being. In FY 2004, USAID will extend the community mobilization activities to geographic areas that have not yet been covered, and will continue to support community-level organizations and groups to serve as catalysts for improved social services and agents of social change within and outside their communities. Principal contractors: Mercy Corps and CARE.

Public works and local economic development (\$907,000 FSA). With poverty increasing and social infrastructure deteriorating, this program will improve employment opportunities in targeted economically depressed regions of Georgia and foster market linkages with Tbilisi. This program will also support drinking water system management. Principal contractor: to be determined.

Building for the Future (\$500,000 FSA). A new, expanded program focusing on youth will begin in FY 2004 that will reach out to communities populated primarily by ethnic Armenians and Azeris, while also serving ethnic Georgians in those communities. This program will provide quality academic and social activities for at-risk youth, improve their understanding of other ethnic groups, and seek to improve school attendance and overall academic accomplishments. Principal contractor/grantee: to be determined.

Community-based care for the elderly (\$300,000 FSA). This program will provide basic services, including nutritional, psycho-social, and health services. Principal grantee/contract: to be determined

Infectious Disease (\$1,600,000 FSA). Health activities will focus primarily on the prevention of infectious diseases and the strengthening of the Government of Georgia's (GOG) national immunization program. Since 1995, USAID has been the primary donor for national immunization programs in Georgia, resulting in overall child immunization levels of 95% in FY 2003. The national immunization program is further strengthened by support for management information systems, and through improving Georgian vaccine preventable disease surveillance. The STI/HIV prevention project will focus on: behavioral change and outreach activities targeted at high-risk groups in Tbilisi and Batumi; strengthening the quality, accessibility, and utilization of STI/HIV prevention services; improving STI/HIV surveillance and use of epidemiological data in planning and policy decisions; and enhancing the capacity of local organizations engaged in STI/HIV activities. USAID will continue the TB prevention and treatment program that will

lead to a sustained reduction in TB morbidity in Georgia. Principal grantees: Medical Service Corporation International, Abt Associates, USA.

Health Partnerships and Primary Health Care (PHC) (\$1,200,000 FSA). The primary care program will continue in FY 2004 to improve the access of rural populations to quality primary health care. The Health Partnerships project will support rehabilitation of the six Primary Health Centers (PHCs) that service about 25,000 people in the Tsalka area. Health Partnerships (in health management education and health-care capacity-building) will support completion of the National Medical Center and the Children Central Hospital. Principal grantees: Save the Children Federation, the American International Health Alliance, World Council of Hellenes, UNICEF.

Women's Health (\$500,000 FSA). The program will help develop three model centers for women's health care that will meet quality standards through improving clinical skills and medical knowledge of health care professionals. Principal grantee: John Snow. Inc, USA.

Strengthening of Health Care Management and Financing (\$500,000 FSA). This new program will improve transparency in health care costs, stimulate improvements in efficiency and quality of health care services, and address existing financial barriers to access. Principal contractor/grantee: to be determined.

Program Development and Support (\$500,000 FSA). USAID will utilize these funds to support program-funded staff and other costs related to program design and development.

#### **FY 2005 Program:**

Community development (\$7,500,000 FSA). USAID will focus on increasing the self-sufficiency and economic livelihood of targeted communities by expanding community development and public works programs. Principal contractor/grantee: to be determined.

Health sector programs (\$9,000,000 FSA). Health programs will focus on infectious disease, primary health care, and women's health, but will broaden its scope to assess the serious problem of health care management and financing. Principal contractor/grantee: American International Health Alliance, Save the Children, Medical Service Corporation International, John Snow Incorporated, United Nations Children Fund, and others to be determined.

**Performance and Results:** Community-based organizations and local NGOs completed nearly 475 community level projects in FY 2003, compared with approximately 300 in FY 2002. The large number of completed projects represents a significant accomplishment since the activities were initiated in communities where previously: 1) residents were indifferent to cooperation in addressing their common problems; 2) locally-elected government officials had unclear mandates; and 3) resources were either severely limited or not available. The community mobilization process promoted by the program was able to positively affect attitudinal changes and increase confidence and trust within communities. Further, 22 communities that completed the full sequence of three community projects started a fourth project relying entirely on community funds.

Over the past year, USAID health activities concentrated on infectious disease control and prevention. The Ministry of Health (MOH) endorsed a nationwide roll-out of management information systems developed under the health information system project. Nine thousand patients (predominantly women and children) were served in USAID-funded health centers: the Mtskheta Primary Health Care Center and the Women's Wellness Center that specializes in women's reproductive health needs. Over 600 health-care professionals were trained in health administration and infectious disease prevention and control, and 10 TB specialists (physicians) and 60 nurses from Tbilisi's dispensaries were trained in the fundamentals of the Direct Observation Therapy (DOT) strategy. The First National Perinatal Clinical Guidance developed by the USAID-funded Safe Motherhood Initiative project was adopted by the MoH and made obligatory in all maternal care facilities in the country

## Data Sheet

<b>USAID Mission:</b>	Georgia
<b>Program Title:</b>	Special Initiatives and Cross-Cutting Issues
<b>Pillar:</b>	Democracy, Conflict and Humanitarian Assistance
<b>Strategic Objective:</b>	114-0410
<b>Proposed FY 2004 Obligation:</b>	\$6,000,000 FSA
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2005 Obligation:</b>	\$5,100,000 FSA
<b>Year of Initial Obligation:</b>	FY 2004
<b>Year of Final Obligation:</b>	FY 2008

**Summary:** This multi-faceted Strategic Objective emphasizes three Special Initiatives (elections assistance, anti-trafficking, and anti-corruption) and three Cross-Cutting Issues (conflict prevention, regional water management, and youth as a resource). The three Special Initiatives respond to concerns that are relatively short-term, politically sensitive, or experimental. The three Cross-Cutting Issues are development challenges shared throughout USAID's Georgia program.

### Inputs, Outputs, Activities:

#### FY 2004 Program:

Elections Assistance Special Initiative (\$2,200,000 FSA). This Special Initiative designed with Georgia's Presidential and Parliamentary elections in mind will support the costs for providing elections related training, election observers (domestic and international), exit polling services and post election training for the newly elected parliament members. The inputs provided during FY 2004 will inform Georgians on voter registration process, how to administer and manage the elections, and how to adjudicate electoral complaints. Principal grantees: NDI, IRI and IFES.

Anti-Trafficking Special Initiative (\$300,000 FSA). USAID will provide technical assistance for assessments and problem analyses; training for implementing partners and GOG agencies; and certain local costs for counseling services and establishing shelters. The three-pronged, five-year program intends to prevent trafficking in persons through (a) providing outreach and improved economic opportunities for vulnerable groups, (b) improving victims' access to crisis centers, shelters and other medical and psychological counseling, and (c) strengthening the capacity of GOG enforcement agencies to prosecute traffickers. Principal contractor/grantee: to be determined.

Anti-Corruption Special Initiative (\$200,000 FSA). This five-year experimental anti-corruption program weaves together all the anti-corruption activities planned to be carried out under the four Strategic Objectives (SOs) with additional SO level funding, leading to a more systematic approach to the problem contributing to synergies among the SO level efforts. Specific activities to be funded under this initiative are: (a) workshops to train implementing partners in the Europe & Eurasia Bureau's anti-corruption strategy known as TAPEE (Transparency, Accountability, Prevention, Enforcement, and Education), (b) identification of those corrupt behaviors most damaging to Georgia's transition that are within USAID's manageable interest, and (c) in-depth diagnoses of corruption in specific sectors in collaboration with USG Department of Justice advisors and Customs advisors. Principal contractor/grantee: to be determined.

Conflict Prevention Cross-Cutting Issue (\$1,500,000 FSA). USAID will provide technical assistance and training to implementing partners in conflict prevention approaches. The approach to conflict prevention will help stabilize the poorest and neglected outlying regions of Georgia with programs to be funded by that will support community-based small-scale public works, job creation, micro-credit facilities, counseling services for victims of violent conflict, and minority language public service announcements. Prime Contractor/Grantee: to be determined.

Regional Water Management Cross-Cutting Issue (\$300,000 FSA). USAID provides technical assistance, training and equipment for river flow monitoring. In case of drought, power shortages, or trans-border ecological issues the collegial relationships established among the three Caucasus countries are expected to contribute to the peaceful resolution of differences. Principal contractor/grantee: Development Alternatives, Inc., USA.

Youth as a Resource Cross-Cutting Issue (\$1,500,000 FSA). USAID will provide technical assistance, training and limited local cost support for implementing this program. The values, attitudes, and prejudices of Georgia's youth have been formed by a dozen year's of gradual de-modernization, unbridled corruption, and spiraling economic depression. This new activity intends to help youth prepare for the job market and participate more positively in the broader society through civic education. Principal contractor/grantee: To be determined.

**FY 2005 Program:**

Anti-Trafficking Special Initiative (\$500,000 FSA). The FY 2005 program will continue and build on the activities started in FY 2004. The recently passed anti-trafficking in persons law should be well into implementation by this time. Principal contractor: to be determined.

Anti-Corruption Special Initiative (\$600,000 FSA). Specific activities will be undertaken based on a review of FY 2004 program. Some of the activities proposed for the FY 2004 program may spill over into FY 2005. Principal contractor: to be determined.

Regional Water Management (\$500,000 FSA) - Conflict Prevention Cross-Cutting Issue (\$1,700,000 FSA). Ongoing exchanges will continue. Principal contractor: same as above.

Youth as a Resource Cross-Cutting Issue (\$1,800,000 FSA). Youth programs initiated in FY 2004 will be continued. Principal contractor: to be determined.

**Performance and Results:** Only one of the three Special Initiatives and one of the three Cross-Cutting Issues identified in this Strategic Objective 4.1 have more than a year of implementation. The other four are totally new and have yet to finalize their performance indicators or measurements of progress.

Elections Assistance Special Initiative: Georgian NGOs, politicians, and common citizens were sufficiently informed and committed to conducting free and fair Parliamentary elections they were able to argue convincingly before the Supreme Court for the annulment of the November 2003 elections. The President who was implicated in condoning and fostering fraudulent elections resigned from office under political pressure. While these sudden changes of political fortune are disruptive in the short run, USAID elections assistance is closely associated with this favorable result known as the bloodless "Rose Revolution," which bodes well for Georgia's long-term social and legal development.

Regional Water Management Cross-Cutting Issue: During FY 2003, technical and information exchanges have continued, but without any major breakthrough in regional relations.

## Data Sheet

<b>USAID Mission:</b>	Georgia
<b>Program Title:</b>	Cross-Cutting Programs
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	114-0420
<b>Proposed FY 2004 Obligation:</b>	\$3,680,000 FSA
<b>Prior Year Unobligated:</b>	\$4,735,000 FSA
<b>Proposed FY 2005 Obligation:</b>	\$7,100,000 FSA
<b>Year of Initial Obligation:</b>	FY 2004
<b>Year of Final Obligation:</b>	FY 2008

**Summary:** Cross-cutting programs under this objective support the needs and complement the implementation of five strategic objectives. Activities under this objective include: training (short-term and academic) and post-training support; institutional human resource assessment and analysis; public information; program development and support; and a small grants program to undertake innovative activities through indigenous NGOs and institutions and promote regional cooperation among the three Caucasus countries.

### Inputs, Outputs, Activities:

#### FY 2004 Program:

Participant Training (\$1,200,000 FSA, \$1,000,000 FSA carryover). The participant training program supports all five strategic objectives and is intended to improve the performance of Georgians in their professional and work settings. USAID will identify skill and knowledge deficiencies or performance gaps of Georgian partner organizations that need to be addressed through training. USAID will also ensure that training is applied in participant workplaces and is effectively utilized as evidenced by improved quality of program implementation. USAID participant training programs encourage alumni to share experiences and provide positive reinforcement to one another. USAID also supports capacity-development of local training providers through proposal writing and management workshops. Principal contractor: World Learning, Inc. USA.

Eurasia Foundation Georgia (EFG) Small Grants Program (\$1,730,000 FSA). In order to increase tourism revenues to Georgia, EFG plans to fund the establishment of a promotional agency that will market the Georgian tourism industry. This agency will be a public-private partnership that will market Georgia as a desirable destination with diverse natural, cultural, and heritage attractions. EFG also plans to carry out a case-writing competition to support preparation of case studies and tutorials based on Georgian business and management practices for use as teaching tools in business education programs in Georgia. In FY 2004, EFG is planning to facilitate youth integration into society by supporting the development of student activities and peer education. EFG will support the establishment of academic and professional exchanges for university faculties, and will fund student internships in the fields of journalism, law, environment, and social sciences. Special attention will be paid to the involvement of students from minority groups. Support for enhanced academic performance and development of students will result in their increased professionalism and better integration into society as well as the development of a more active citizenry.

In order to reduce corruption and increase the transparency of local governance EFG supports the strengthening of the public's role in government decision-making in Georgia's regions. EFG will expand the FY 2002 NGO Watchdog Initiative by building on the success of current grantee projects.

The South Caucasus Cooperation Program (SCCP) continues to build bonds among professional associations and NGOs in the three Caucasus countries. In FY 2004, SCCP will facilitate regional dialogue and information exchange by developing cross-border collaboration among independent media.

In addition, SCCP will support development of financial sector industries and tourism industries in the South Caucasus countries. Principal grantee: Eurasia Foundation.

Public Education and Outreach (\$500,000 FSA). This program will support activities designed to increase awareness and understanding of the general population, the press, and public officials about the benefits of economic and democratic reforms that USAID programs support. As a result of such activities, representatives of the Government of Georgia (GOG) in Tbilisi and the regions, and the public, will have a better understanding of the programs' contribution to the economic and social growth of Georgia.

Program development and support (\$250,000 FSA, \$1,632,868 FSA carryover, \$2,101,808 FSA prior year recoveries). USAID will utilize these funds to support program-funded staff and other costs related to program design and development.

**FY 2005 Program:**

Participant training (\$2,300,000 FSA). The participant training program will support training across the program areas. Specific training needs will be determined based on USAID's new strategic plan that will be implemented in FY 2005. Principal contractor: same as above.

Eurasia Foundation small grants program and SCCP (\$1,800,000 FSA). FY 2005 resources requested will continue to support activities identified in annual operating plans for EF Georgia and SCCP. Annual operating plans will be based on evaluation of past performance and progress toward planned results. The programs will fall within EF Georgia's mandate and USAID's strategic objectives.

Public Education and Outreach (\$1,500,000 FSA). This program will continue to advance the public understanding and awareness of major economic and democratic reforms undertaken by the GOG with the assistance of USAID implementers.

Program Development and Support (\$1,500,000 FSA). USAID will utilize these funds to support program-funded staff and other costs related to program design, development and evaluation.

**Performance and Results:** In FY 2003, USAID's Strategic Technical Assistance for Results with Training (START) program implemented 38 training events in three locations: 23 in-country, 10 in third-countries and five in the US. In addition to these training events, four follow-on programs and institutional analyses of two organizations that USAID helped to establish were conducted through the START program. A total of 1,758 participants were trained in the areas of humanitarian assistance, social transition, economic growth, democracy and governance, and energy and environment. Women accounted for 42% of all trainees. Action plans demonstrated participants' commitment to implementing new ideas and sharing knowledge. The capacity of selected local training providers was also strengthened.

In FY 2003, the Eurasia Foundation, awarded 46 grants to Georgian NGOs through open and targeted competitions. The Eurasia Foundation Small Grants Program supported the following: establishment of Local Government Information Centers and their network; school-based NGOs to improve transparency in the educational sector and increase public participation in decision-making at the school level; promotion of business education by strengthening the capacity of two leading business schools in Georgia; and parliamentary elections coverage through grants to independent television stations, radio stations, and newspapers.

SCCP supported the Public Policy Institute Development Initiative through competitions on adoption and implementation of European and international conventions and standards. Eight grants were awarded to facilitate regulation of Trans-boundary Environmental Resources. Three environmental information centers were opened in border towns of Armenia, Azerbaijan and Georgia. Other SCCP grants funded a regional cluster meeting on Cultural Policy and Management, the First South Caucasus Border Town Mayors Forum held in Tbilisi, and the preparation of emergency preparedness plans and training for 12 municipal services in Tbilisi, Baku and Yerevan.